

**ASSEMBLY BILL**

**No. 2330**

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**Introduced by Assembly Member Arambula**

February 23, 2006

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An act relating to small business.

LEGISLATIVE COUNSEL'S DIGEST

AB 2330, as introduced, Arambula. Small businesses: the small business advocate.

Existing law provides for the Office of Small Business Advocate. The duties of the Office of Small Business Advocate include counseling small businesses regarding the relationship of small business to state government, as well as acting as an advocate on behalf of small businesses. Among other duties, the Office of Small Business Advocate is also required to consult with experts and authorities in the field of small business and is required to issue reports to the Governor and the Legislature.

This bill would require the Office of Small Business Advocate to commission a study of the costs of state regulations on small businesses that is parallel to the study on the impact of regulatory costs on small firms conducted by the federal Small Business Administration. The office would also be required to make recommendations on how to reduce the cost impact of existing and future regulations as well as to convene a small business advisory committee to provide advice based on the study and recommendations. The office would be required to complete the study and recommendations by June 1, 2007.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. The Legislature hereby finds and declares:

2     (a) Small business remains the backbone of the state's  
3     economy. Regulatory burdens and costs continue to be one of the  
4     major complaints of small businesses.

5     (b) The federal Small Business Administration began  
6     analyzing the cost and burdens of federal regulations on small  
7     businesses in 1995. The most recent update issued September 19,  
8     2005, found that "small businesses continue to bear a  
9     disproportionate share of the federal regulatory burden." The  
10    report found that the annual cost of federal regulations in the  
11    United States totaled \$1.1 trillion in 2004. It also found the costs  
12    of federal regulations on firms with fewer than 20 employees is  
13    \$7,647. For small manufacturers this figure is at least double the  
14    compliance cost for medium-sized and large firms.

15    (c) There is no similar analysis done on state regulatory costs.  
16    Understanding the cost impact of state regulations would help  
17    policymakers reduce or design more cost-effective regulatory  
18    approaches that achieve desired policy objectives at the lowest  
19    cost possible to the regulated industry.

20    SEC. 2. The Office of Small Business Advocate shall do all  
21    of the following:

22    (a) Commission a study of the costs of state regulations on  
23    small businesses. The study shall parallel, to the extent feasible  
24    and practical, the scope and study on the impact of regulatory  
25    costs on small firms conducted by the federal Small Business  
26    Administration.

27    (b) Make recommendations on how to reduce the cost impact  
28    of existing and future regulations.

29    (c) Convene a small business advisory committee to provide  
30    advice on subdivisions (a) and (b). The committee shall include,  
31    but not be limited to, representatives from the California Small  
32    Business Association, and other small business associations  
33    representing a cross section of the small business community.

34    (d) The study and recommendations shall be completed by  
35    June 1, 2007. Copies of the report shall be sent to the Department  
36    of Finance, Speaker of the Assembly, the Senate President pro  
37    Tempore and chairs of the Assembly Committee on Jobs,  
38    Economic Development, and the Economy and the Senate

- 1 Committee on Government Modernization, Efficiency and
- 2 Accountability.

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